

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 07407 240218Z
ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----091838 240223Z /12/44

R 230342Z AUG 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 3027
INFO AMCONSUL HONG KONG
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
USMISSION GENEVA

LIMITED OFFICIAL USE SEOUL 7407

C O R R E C T E D C O P Y - T E X T (P A R A 1 .)

E.O. 11652: N/A
TAGS: ETRD, EPAP
SUBJECT: US/ROK FOOTWEAR CONSULTATIONS

1. SUMMARY. DURING VISIT TO TAIPEI FOR BILATERAL TARIFF
NEGOTIATIONS (AUGUST 18), ASSISTANT SPECIAL TRADE REPRESENTA-
TIVE STEPHEN LANDE TOOK THE OPPORTUNITY TO DISCUSS OPERATION
OF FOOTWEAR ORDERLY MARKETING AGREEMENT (OMA) WITH Y.T. WONG,
POLITICAL VICE MINISTER, MINISTRY OF ECONOMIC AFFAIRS. END
SUMMARY.

2. LANDE EXPRESSED APPRECIATION FOR THE WAY IN WHICH ROC HAS
ADMINISTERED ITS SIDE OF THE OMA IN THE FIRST YEAR, BUT SAID THAT
WE HAD SOME GENERAL CONCERNS ABOUT CERTAIN TRENDS IN THE TRADE.
HE INDICATED THAT USG HAD SOUGHT OMA WITH A LARGE NUMBER OF
SPECIFIC PRODUCT CATEGORIES, BUT EVENTUALLY ACCEPTED A STATE-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 07407 240218Z

MENT FROM ROC THAT IT WOULD MAINTAIN THE NORMAL PATTERN OF
TRADE. HE SAID WE NOW FIND THAT THERE HAS BEEN SUBSTANTIAL
UPGRADING IN PRICE RANGES OF GOODS SHIPPED TO THE US. LANDE
ASKED THAT ROC TAKE THIS INTO ACCOUNT IN ITS LICENSING SYSTEM.
HE ALSO NOTED THE LARGE INCREASE IN RUBBER (NON QUOTA) FOOTWEAR
SHIPMENTS AND EXPORTS OF TAIWANESE FOOTWEAR PARTS TO NEIGHBORING
COUNTRIES FOR ASSEMBLY AND SHIPMENT TO THE US. WE ARE CONCERNED

BECAUSE SUCH TRADE MINIMIZES THE EFFECTS INTENDED FOR THE OMA.

3. WONG SAID THAT ROC HAD KEPT ITS SHIPMENTS BELOW THE QUOTA LEVELS, WHEREAS, KOREA HAD USED UP ITS QUOTA MUCH EARLIER. ALSO, HE NOTED THAT OTHER COUNTRIES WERE INCREASING THEIR EXPORTS WHILE ROC WAS RESTRAINED BY THE MOA.

4. LANDE ASSERTED THAT WE HAVE NO SPECIFIC PROPOSALS TO MAKE AT THIS TIME, MERELY WISH TO CALL ATTENTION TO THE PROBLEMS. HE SAID THAT WE ARE ATTEMPTING TO DEAL WITH RISING IMPORTS FROM NON-OMA COUNTRIES THROUGH CONSULTATIONS AS, FOR EXAMPLE, WITH HONG KONG, THE FASTEST GROWING MAJOR SUPPLIER.

5. US DEL ALSO POINTED OUT EXTENT OF INCREASED SHIPMENTS OF RUBBER FOOTWEAR IN ITEM 700.60 (WHICH DOES NOT INCLUDE PROTECTIVE RUBBER FOOTWEAR). LANDE CITED FIGURES SHOWING INCREASE OF US IMPORTS FROM ROC IN ITEM 700.70 (FROM 62.9 MILLION PAIRS IN FIRST HALF 1977 TO 103.4 MILLION PAIRS IN FIRST HALF 1978). THE COMBINED TOTAL OF US IMPORTS OF NONRUBBER AND RUBBER (700.60) FOOTWEAR FROM ALL SOURCES IN THE FIRST YEAR OF THE OMA (JULY 1977 - JUNE 1978) AMOUNTED TO 505 MILLION PAIRS, COMPARED TO 490 MILLION PAIRS IN THE PREVIOUS 12-MONTH PERIOD. TOTAL IMPORTS, THEREFORE, INCREASED RATHER THAN DECREASED.

6. WONG SAID THAT ASP FOOTWEAR (DUTIABLE ON AMERICAN SELLING PRICE RATHER THAN FOREIGN VALUE) SHOULD NOT BE CONSIDERED IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SEOUL 07407 240218Z

EVALUATING THE OMA EFFECTS BECAUSE SUCH IMPORTS PAY A HIGH DUTY. THE US INDUSTRY'S CONDITION HAS IMPROVED, HE SAID, AND QUOTE OVERPROTECTION IS NOT GOOD POLICY UNQUOTE. LANDE REITERATED THAT WE ARE CALLING ROC'S ATTENTION TO THE PROBLEMS AT THIS TIME AND THAT WE WOULD LIKE NOT TO HAVE TO EXERCISE THE RIGHT OF CONSULTATION ON THESE MATTERS.

7. DURING BILATERAL TRADE TALKS, WONG UNOFFICIALLY RAISED THE FOLLOWING POINTS ON FOOTWEAR QUOTE NOT FOR DISCUSSION, BUT FOR THE RECORD OF THE PLENARY UNQUOTE:

(1) THE US SHOULD GIVE ATTENTION TO THE NUMBER OF PRODUCERS OTHER THAN GROC AND GROK WHICH ARE INCREASING SHIPMENTS TO THE US; AND

(1) THE US SHOULD EXCLUDE FROM THE OMA CERTAIN TYPES OF INEXPENSIVE FOOTWEAR (UNDER \$2.50 PER PAIR FOB FOREIGN VALUE) WHICH ARE NOT MADE IN US FACTORIES.

WITH REGARD TO THE FIRST POINT, WONG SAID HE WAS NOT ASKING FOR EQUITY CONCERNING HONG KONG, BUT THAT THE US SHOULD PAY ATTENTION TO IT. LANDE REPLIED THAT MEASURES ARE TO BE TAKEN. WE ARE

TRYING TO END THE PRACTICES THAT ARE TAKING ADVANTAGE OF THE OMA'S AND THAT THE PROBLEM MAY BE RESOLVED SOON. SINCE WE ARE CURRENTLY IN THE PROCESS OF CONSULTING WITH HONG KONG, HE REQUESTED THAT THIS BE KPET EXTREMELY CONFIDENTIAL. WITH RESPECT TO THE SECOND POINT, ASCHER (COMMERCE) REPLIED THAT THERE IS SUBSTANTIAL PRODUCTION IN THE US OF LOW-PRICED FOOTWEAR WITH ESTIMATES RANGING FROM 16 MILLION PAIRS UPWARD. MANY ARE SLIPPER TYPES MADE FOR OUDOOR CASUAL USE, WHICH ARE CURRENTLY VERY POPULAR IN THE US. MOREOVER, HE SAID, EXCLUSION OF SUCH FOOTWEAR FROM THE OMA WOULD REQUIRE TRADE ACT PROCEDURES, INCLUDING PUBLIC HEARINGS, ADVICE FROM THE USITC AND THE SECRETARIES OF COMMERCE AND LABOR AND ULTIMATE DECISION BY THE PRESIDENT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 SEOUL 07407 240218Z

8. IN SEPARATE DISCUSSIONS ON TECHNICAL MATTERS WITH BOFT OFFICIALS (LED BY C. L. SHIYU), ASCHER AMPLIFIED POINTS RAISED BY LANDE IN FORMAL DISCUSSIONS. OTHER TOPICS INCLUDED (1) THE 90-DAY CUT-OFF PERIOD FOR THE FIRST RESTRAINT YEAR; (2) SHORT-FALL CARRYOVER PROCEDURES; (3) SEALAND'S CONTAINER VESSEL CALL AT TAIWAN AFTER JUNE 30 AFFECTING THE QUOTA YEAR CHARGE FOR ABOUT 500,000 PAIRS OF SHOES LOADED ON BOARD PREVIOUSLY WHEN THE VESSEL FIRST CALLED AT ROC PORTS; (4) THE CUSTOMS CLASSIFICATION OF INFANTS' SHOES BY SIZE; AND (5) TIE-IN SALES (OMA AND NON-OMA SHOES) AND MISCELLANEOUS QUESTIONS. ASCHER WILL BRIEF INTERESTED AGENCIES UPON RETURN TO WASHINGTON. GLEYSTEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, MEETINGS, TARIFFS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SEOUL07407
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780361-0523, D780344-0855
Format: TEL
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780832/aaaabarr.tel
Line Count: 148
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 77c1305d-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1646824
Secure: OPEN
Status: NATIVE
Subject: US/ROK FOOTWEAR CONSULTATIONS
TAGS: ETRD, EPAP, US, KS
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/77c1305d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014